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C O N F I D E N T I A L SECTION 01 OF 02 TBILISI 002424

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E.O. 12958: DECL: 09/24/2017  
TAGS: [PREL](#) [PGOV](#) [PHUM](#) [GG](#)  
SUBJECT: OKRUASHVILI ALLY ARRESTED FOR CORRUPTION

REF: A. TBILISI 2291

[B](#). TBILISI 1370

[C](#). 06 TBILISI 2938

Classified By: Ambassador John F. Tefft for reasons 1.4 (b) and (d).

[1](#). (C) Summary: On September 11 and 12 four local government officials from Gori District were arrested on corruption charges. The same day, the presidentially-appointed Governor of the Shida Kartli region, Mikheil Kareli (ref A), led a public protest outside the government building, which was sealed off by police. On September 13, Prime Minister Noghaideli decried Kareli's actions and announced his dismissal by President Saakashvili. On September 23 Kareli was arrested for corruption while trying to board a flight to Turkey. Few in the opposition voiced personal support for Kareli, who had a reputation for corruption, but many seized on the timing as an indication the government was targeting allies of former Defense Minister and likely presidential candidate, Irakli Okruashvili. Saakashvili declared that the governments' anti-corruption drive would follow the evidence wherever it led. On September 24 Saakashvili's own representative in Parliament, Dimitry Kitoshvili, was arrested for corruption. End summary.

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Arrests and Protests in Gori  
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[2](#). (U) On September 11 late at night, Gori Municipality Deputy Sakrebulo Chairman Nugzar Papunashvili was arrested. On September 12 three more local officials from Gori Municipality, including Mayor Vasil Makharashvili, were arrested on corruption charges. Deputy Governor Khvicha Okropiridze and Kareli District Gamgebeli Gaioz Dzanadia completed the quartet. Police sealed the Gori government's building in order to "protect evidence." The arrests were carried out quite publicly, as in similar such cases.

[3](#). (U) Regional Governor Mikheil Kareli (ref A) led a public protest outside the government building on September 12, which was sealed off by police. He was joined by Teo Tlashadze, an MP from the ruling United National Movement (UNM). They protested the police's refusal to allow Kareli and the Sakrebulo (municipal council) to use the building's chambers to hold a hearing regarding the arrests. Kareli is a known supporter of former Defense Minister Irakli Okruashvili, who is from the Gori region. Okruashvili had stirred intense interest with his as-yet-unannounced presidential campaign (ref B), and following the arrests he went public with his opposition to Saakashvili in a harshly worded speech September 25 (septel).

[4](#). (U) On September 13, Prime Minister Noghaideli expressed anger and disbelief at Kareli's actions, and announced Kareli's dismissal by President Saakashvili. MP Tlashadze

publicly tore up her UNM membership card and announced she was leaving the party to join Okruashvili's party. Media reported that Kareli spent the whole day of September 14 with Okruashvili.

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Kareli Arrested Too  
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15. (U) Kareli was arrested for "taking bribes and illegally participating in private business activities" on September 23 while trying to board a flight to Turkey. He was sentenced to 2 months pre-trial detention. President Saakashvili expressed regret at placing "excessive trust" in his former regional representative, Kareli. Saakashvili said that Kareli's arrest was "part of the fight against the mafia in Gori" and reiterated no one in Georgia is above the law. He said he has full confidence in the prosecutor's office and trusts their decisions. The UNM strongly denied any political motives regarding Kareli's arrest.

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Equal Prosecution? Parliamentary Secretary Kitoshvili  
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16. (U) In a separate incident on September 24, Dmitry Kitoshvili, the President's secretary (or liaison) in Parliament was detained following an investigation by the Ministry of Finance Special Department and Procuracy. The charges stem from October 2006, when Kitoshvili was head of the National Communications Regulatory Commission. Kitoshvili allegedly forced a shareholder in Geocell (a mobile phone company) to sell his shares to a fictitious party and profited from the transaction. Kitoshvili denied the allegations, claiming that he merely introduced a buyer

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and seller. Speaker of Parliament Nino Burjanadze and Deputy Speaker Mikheil Machavariani both publicly announced that Kitoshvili's arrest was further progress in the fight against corruption. Furthermore, they claimed this latest arrest shows that the recent arrests are not politically-motivated and the government is unbiased against any political opponents, as Kitoshvili himself is a member of the UNM and advisor to the President. While it is true that Kitoshvili (unlike Kareli) was not generally seen as a political ally of Okruashvili, opposition commentators stressed possible financial links between Okruashvili and parties in the Geocell case.

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Comment  
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17. (C) It is well-known that Kareli has a tarnished past and few knowledgeable observers doubt that the corruption charges will bear out. A recent documentary, which received a Democracy Commission grant from the Embassy, shows that in 2005 and 2006 Kareli and regional officials confiscated 400 hectares of wheat grown commercially by a group of 10 farming families who had together legally leased the government land for 9 years beginning in 2000. The farmers were not compensated for their crop, being told by Kareli that the land and its produce "belongs to everybody." In 2006 Embassy officials observed another example of how business is done in Gori, meeting the director of a large enterprise who had no business credentials other than obvious connections to the regional government (ref C). Nevertheless, the timing of the arrests has guaranteed that all discussion is about a possible political motivation. Media report that Okruashvili himself is under investigation regarding his party's headquarters building, and that he may have purchased it below market price and evaded taxes in the process. With Okruashvili now out in the open as an opponent of the government, any such investigations will be even more politically charged.

